

Vodafone Egypt informs Telecom Egypt of Vodafone Group's receipt of an initial offer to transfer its stake to Vodacom

Cairo, 9 November 2021: Vodafone Egypt (VFE) management has informed Telecom Egypt (TE) today that Vodafone Group (VFG) has received an initial offer from Vodacom for the transfer of VFG's stake in Vodafone Egypt to Vodacom. Vodafone Group will disclose the value and structure of the offer.

The current modified shareholders' agreement signed on 7 June 2021 by VFE's shareholders grants TE enhanced rights and benefits and allows VFG to transfer its shareholding in VFE within the broader Vodafone Group (as has been disclosed earlier). The latter is conditional on the new shareholder submitting a deed of adherence to the new amended shareholders agreement, which Vodafone Egypt management has confirmed that Vodacom has committed to with Vodafone Group.

Telecom Egypt has obtained enhanced rights in the amended shareholders agreement, the most important of which are:

1. The right to buy VFG's shares in VFE, should the major shareholder change directly or indirectly, through the RoFR process
2. A committed minimum dividend policy for Vodafone Egypt of 60% of FCF starting 2022 in addition to EGP 10bn of dividends to shareholders in 2021
3. Assistance by Vodafone Egypt management in a due diligence process in case of a full or partial sale by Telecom Egypt
4. A modified RoFR process allowing Telecom Egypt a longer RoFR duration and including an independent expert to perform a valuation report
5. A tag along option for a portion of TE's shares in Vodafone Egypt, notwithstanding any other rights under the Egyptian law including the right to accept an MTO
6. Information rights with regular disclosure to ensure visibility for Telecom Egypt on its investment in VFE

Adel Hamed, TE's Managing Director and Chief Executive Officer, commented:

"We believe that the amendments to the shareholders' agreement enhances Telecom Egypt's visibility on its investment and its expected returns based on Vodafone Egypt's performance and gives our shareholders comfort that our participation in the company continues to be fruitful and rewarding. In addition, the new shareholders' agreement preserves Telecom Egypt's rights and enhances its options to be more executable in the absence or presence of a deal. The commitment of Vodacom to the deed of adherence of the shareholders' agreement as was reported to us by Vodafone Egypt confirms Vodafone Groups' commitment to the strategic partnership with Telecom Egypt and the Egyptian market."

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About Telecom Egypt

Telecom Egypt is the first total telecom operator in Egypt providing all telecom services to its customers including fixed and mobile voice and data services. Telecom Egypt has a long history serving Egyptian customers for over 160 years maintaining a leadership position in the Egyptian telecom market by offering its enterprise and consumer customers the most advanced technology, reliable infrastructure solutions and the widest network of submarine cables. Aside from its mobile operation "WE", the company owns a 45% stake in Vodafone Egypt. Telecom Egypt's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on The Egyptian Exchange and the London Stock Exchange. Please refer to Telecom Egypt's full financial disclosure on ir.te.eg

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